

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
February 18, 2016

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, February 18, 2016, at 3:10 p.m. on the second floor of the Fire Department Administrative Building at 204 S. First Street, Rockford, Illinois, pursuant to notice.

CALL TO ORDER

The meeting was called to order at 3:10 p.m. Upon a call of the roll, the following answered:

ATTENDED: Alan Granite, President
Tracy Renfro, Trustee

Brian Carlson, Secretary
Chris Black, Trustee/City Finance Director

ABSENT: Michael White, Trustee

STAFF: Linda Wlaznik, Pension Investment Accountant Judi Yehling, Recording Secretary

GUESTS: Attorney Vladimir Shuliga, Ottosen Britz
Lieutenant Vince Boris

Mike Piotrowski, Marquette Associates

I. PUBLIC COMMENT -- None

II. MINUTES

- The January 21, 2016, minutes of the regular meeting were presented. Tracy Renfro made a motion to approve the minutes as presented and Brian Carlson seconded the motion. Upon a voice vote, the motion passed.

III. APPROVAL OF APPLICATIONS/PENSION CHANGES

- Quinn Rothermel, retired Firefighter John Albaugh's son, turned 18 and is no longer eligible for a dependent's pension. Since Albaugh was on a disability pension the amount received was simply a monthly stipend, in this case \$26.10.

Brian Carlson made a motion, seconded by Tracy Renfro, to terminate the dependent pension of Quinn Rothermel. A roll call vote was taken:

Ayes:	Alan Granite	Brian Carlson
	Chris Black	Tracy Renfro
Nays:	None	
Absent:	Michael White	

- Steven Preiss is retiring effective March 2, 2016, having served 37 years. He is entitled to a monthly pension of \$7,121.66 or an annual pension of \$85,459.92.

Brian Carlson made a motion, seconded by Tracy Renfro, to approve the application for pension as presented. A roll call vote was taken:

Ayes:	Alan Granite	Brian Carlson
	Chris Black	Tracy Renfro
Nays:	None	
Absent:	Michael White	

- An application for a Duty Disability Pension has been received from Lieutenant Vince Boris. The process of gathering medical information can begin upon approval of the application.

Tracy Renfro made a motion, seconded by Brian Carlson, to accept the duty disability application of Lieutenant Vince Boris submitted on February 10, 2016. A roll call vote was taken:

Ayes: Alan Granite Brian Carlson
Chris Black Tracy Renfro
Nays: None
Absent: Michael White

- An application for a Duty Disability Pension has been received from Driver/Engineer Mindy Kuehne. Her application is in good order except for the medical release which needs to be updated. Linda Wlaznik will contact Kuehne.

Tracy Renfro made a motion, seconded by Chris Black, to accept the duty disability application of Driver/Engineer Mindy Kuehne dated January 19, 2016. A roll call vote was taken:

Ayes: Alan Granite Brian Carlson
Chris Black Tracy Renfro
Nays: None
Absent: Michael White

- Geraldine Wahlstrom passed away and her pension was terminated but not until payroll was already run. Her pension was therefore overpaid by \$81.56. A letter was sent on January 29, 2016, to the daughter explaining that we would need a copy of the death certificate and a check for \$81.56.

Brian Carlson made a motion, seconded by Tracy Renfro, to terminate the surviving spouse pension of Geraldine Wahlstrom. A roll call vote was taken:

Ayes: Alan Granite Brian Carlson
Chris Black Tracy Renfro
Nays: None
Absent: Michael White

- Patsy Olson, surviving spouse of Robert Olson, passed away and her surviving spouse pension will terminate.

Tracy Renfro made a motion, seconded by Chris Black, to terminate the surviving spouse pension of Patsy Olson. A roll call vote was taken:

Ayes: Alan Granite Brian Carlson
Chris Black Tracy Renfro
Nays: None
Absent: Michael White

IV. DISBURSEMENTS

- Chris Black made a motion to approve the February payroll of \$1,388,630.56. Tracy Renfro seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Brian Carlson
Chris Black Tracy Renfro
Nays: None
Absent: Michael White

- Invoices totaling \$51,730.10 as shown in the warrant packet were presented. Discussion was held on request for prepayment by one of Heitter's IME physicians. Linda Wlaznik indicated that we did make prepayment in one case in the past. It's not unprecedented and Attorney Shuliga explained that the Board could just charge the patient if the appointment is not kept; we just need to be sure to make clear notification of the date to the applicant. A motion was made by Chris Black, and seconded by Brian Carlson, to pay the invoices as presented in the warrant packet. A roll call vote was then taken:

Ayes:	Alan Granite	Brian Carlson
	Chris Black	Tracy Renfro
Nays:	None	
Absent:	Michael White	

V. CASH & INVESTMENTS

- Mike Piotrowski presented Marquette Associates' Flash Report as of January 31, 2016, and the Executive Summary as of December 31, 2015:
 - While there are three fund managers on notice, two of them international, (pgs. 1-3) there has been improvement in their performance.
 - The Fund has slightly outperformed the benchmark but there has been 0% return for the year (pgs. 12 & 13). Per Mike Piotrowski there has been no way to get the assumed rate of 7.5% due in large part to the volatility of the market. This Fund is ranked in the 34th percentile and has outperformed 70% of the public pension funds. This Fund has been designed to protect in a volatile market and "has done well on a relative basis."
 - Things have improved significantly in January but a "lot of the same themes have remained" per Mike Piotrowski.
 - Last year (pgs. 7-8 of the Flash Report) the Fund lost 2% in value but it has been doing well relative to the benchmark.
 - US equities are down 5% and international stocks have gone down further today but overall the funds are still above where they were in March 2009.
 - As far as the performance of individual managers (pgs. 9-10):
 - Hillswick has outperformed the benchmark, and Segall-Bryant is in line with the benchmark for fixed income.
 - Fiduciary is doing "okay."
 - Manning & Napier is doing "very, very well – they've improved their performance significantly."
 - Brandes has been positive all year.
 - Mike Piotrowski said that overall the investments have been a "mixed bag." But there is no need for any material changes to the Fund; we just need to "stay disciplined to the policies."
- Cash needs are \$1.4 million, and the recommendation is to take the money from fixed income: Segall Bryant this month and Hillswick next month since both are overweight. Question was asked about rebalancing the Fund by taking some money from the Principal Property Fund but Mike Piotrowski answered by saying that we had taken \$2 million from Principal at the end of last year, and we are allowed by policy to be within 5% either side of our target allocation; they look at

it any time the Fund is 2% overweight versus the target and we are okay now as it is still within policy limits.

Brian Carlson made a motion, seconded by Chris Black, to take \$1.4 million from Segall Bryant Fixed Income Fund to cover cash needs. A roll call vote was taken:

Ayes: Alan Granite Brian Carlson
Chris Black Tracy Renfro
Nays: None
Absent: Michael White

- Records of purchases and sales were distributed. Tracy Renfro made a motion, seconded by Brian Carlson, to approve the purchases and sales for the month. A roll call vote was taken:

Ayes: Alan Granite Brian Carlson
Chris Black Tracy Renfro
Nays: None
Absent: Michael White

VI. OLD BUSINESS

- Reporting on Carla Heitter's disability case, Attorney Shuliga said they had received the last of the medical records. Two of the IME physician appointments are schedule and the third should be schedule by the end of this week. Once the reports are received from the IME physicians, then the hearing can be scheduled, probably in late April and it is usually done on a regular meeting date. Scheduling appointments is usually done by obtaining a date from the doctor and then notifying the patient. Chris Black explained that his last day with the City is March 1st so it would be the interim Finance Director who would be attending the hearing.
- Linda Wlaznik informed Board there was a refund due from the lowered cost of City services which was applied to the January payment.
- Linda Wlaznik reminded Board members that they should be receiving the notices from the county to file their annual Economic Interest statements.

VII. NEW BUSINESS

- Linda Wlaznik advised that she would be sending out letters to the retirees asking for interest in filling Brian Carlson's position on the Board which should actually be a retiree's Trustee position if one wants to run. If there is any interest, nominees will be read in next month.
- Updates from Attorney Shuliga were:
 - A handout from his speech at the Northern Illinois Association of Fire Protection Districts Conference talking about electronic communications and the rules governing their use and availability to the public.
 - Discussed at length the Tim Sharpe "situation." Sharpe is "in some trouble" as his position with the American Academy of Actuaries is in question. The Actuarial Board for Counseling and Discipline (ABCD) is recommending that he be expelled from the American Academy of Actuaries (AAA), and if he is, then he is not qualified under Article 4 to be used by firefighter pension funds as an actuary to calculate the City annual contribution. Chris Black said that Sharpe has reached out to his clients that he is cutting back and is getting out of public business; Black cautioned that action by the Academy is just a recommendation at this time and not discipline and there was "nothing questionable in his last report." Linda Wlaznik

stated that the actuarial report from last year for the auditors starts the end of April and Sharpe has advised there will be a three-month turnaround. Attorney Shuliga said he believes it is fine to move forward right now and use Tim Sharpe this year from a legal standpoint. Comment was made that we may be hearing only one side of the story and it might be a good idea to talk to Tim Sharpe. The Rockford Police Pension Fund Board has asked for a meeting with him and Mike Piotrowski said perhaps we could do a joint meeting to hear his side of the story. The Board stated its desire for Attorney Clifford to reach out to Police Fund's attorney to arrange for the joint meeting. Attorney Shuliga advised that no further action is required from the Board.

- Question was raised about the pending disability pension applications and what happens if the doctor's reports come back that the individual is cleared for return to duty. Is the department required to hold the job for them? Attorney Shuliga responded that the Board can grant either a duty or non-duty pension, or deny both. If the firefighter is found not eligible for either type of disability benefit, it will be up to the City to address the continued employment of the firefighter.
- Training is available in at the IPPFA Conference in East Peoria May 3-6th. This raised the question that if Brian Carlson comes back to the Board as an active trustee, is his training grandfathered. Attorney Shuliga said he would look into.

VIII. CLOSED MEETING – None required.

IX. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned 4:05 p.m.

Next regular meeting is March 17, 2016, at 3:00 p.m.

Signed:



Brian Carlson, Secretary

3-17-16

Date

Prepared by:

Judith Yehling, Recording Secretary

Date

Approved by the Board of Trustees at its March 17, 2016, meeting.

